

# Marketplaces are better as part of a unified commerce solution!

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Marketplaces are becoming a common need for online sellers, for many reasons. With the pandemic giving a boost to online shopping, many companies have tried to take advantage of the increased activity in this space. But this has also driven increased competition, as companies who previously didn't sell online or only had a minor presence, build up their sites to attract customers. Are you ready to take on the competition and increase your online sales through new methods and channels? Adding a marketplace to your sales strategy could be your answer. We will share our thoughts and findings with you here.

This paper will walk you through:

- What is a marketplace?
- Why you should consider a marketplace as part of your sales strategy and why you will want to consider going with a marketplace that is part of a unified commerce solution
- Details and descriptions of the capabilities in the first release of HCL Commerce Marketplace

As you will learn, all HCL Commerce Marketplace capabilities have been prioritized with our customers in our Sponsor User Program. We highly recommend that you reach out to us to be included in the program if you want to influence and shape the future of marketplaces as part of a unified platform.

# What is a Marketplace?

First let's define a couple of terms that will be used throughout this paper. A marketplace is a web storefront that enables third-party sellers to sell their products on the same platform. The entity that owns and operates the HCL Commerce Marketplace is referred to as the Owner/Operator. The Operator may manage a single marketplace, or may have multiple marketplaces (for different regions, brands, etc). The entities who participate in a marketplace are called the Marketplace Sellers (or just Sellers), regardless of their relationship to the Operator (they may be close partners, resellers, distributors, or completely unknown until they join the marketplace). And of course, you have the customers!

## Here is why you will want a Marketplace as part of your sales strategy

Have you also heard these statements?

*"Amazon Business is projected to surpass \$52 billion in GMV by 2023"*

*"B2B marketplace sales are expected to reach into the trillions in just a couple of years"*

These are very valid high-level reasons to consider implementing a marketplace. We've asked our HCL Commerce customers and uncovered several additional reasons why they are looking to get into this space. They are looking to:

1. Expand assortment

To quickly expand the assortment of products available to their customers, without having to carry inventory or worry about fulfillment

- a. With marketplace capability, our customers can now open their site to other sellers, who manage their own products, prices, inventory, and orders

2. Add a direct sales channel

- a. Some customers have a model whereby they sell only through partners, with no direct sales at all. This makes it difficult to implement a commerce site without impacting those relationships. With a marketplace, they can enable their partners to sell directly through their site

3. Create a "one-stop-shop" experience for their customers

- a. One way to increase loyalty and sales is to ensure that your site becomes the "go-to" destination for your customers. If you are only selling one type of product, that can be difficult. With marketplaces, now our customers have the ability to bring in other sellers who sell adjacent products, to make their site into more of a "one-stop shop" that meets multiple customer needs
- b. For example, imagine a company that sells athletic wear partnering with a shoe manufacturer to add athletic shoes to their catalog, or with an exercise equipment company, or with a sports nutrition company (or with all of the above!). Customers can then fulfil multiple needs in the same place, without having to find a seller they trust for every individual type of item

To compete in a competitive landscape where your competitors are already considering the above strategy, you will want to consider how to increase hits to your site is to expand your product catalog. When you sell more products, customers are more likely to discover your site in the first place through searches or relevant ads. And once they've arrived at your site, with more products available, the more likely it is that you'll have what they want, leading to increased cart size through recommending related products or simply getting customers to buy additional products that fit their profile. By meeting more of their needs, customers are more likely to come back in the future for additional purchases.

Of course, expanding your product catalog organically is not easy – you need to identify the types of products you want to add, source them or manufacture them, manage the product information and pricing, acquire and manage inventory across distribution centres or physical stores, and finally fulfil orders using a larger set of products. All of this has cost and risk associated with it, and it also has a long runway before you can make those products available in your online store.

With marketplaces, most of that cost and risk is taken on by the marketplace sellers. The timeline is also greatly shortened, since the sellers already have products available for sale. All that's required is to onboard the desired sellers to your marketplace, and then they will provide the new products, along with all the information needed to present them and make them available for sale on the storefront. They also typically manage their own inventory and fulfil their part of the order, taking that work away from you. In this way, you can provide more value and convenience to your customers, without the downsides of expanding your own product line.

Of course, to do this requires that you first enable a marketplace capability in your existing commerce implementation. One way to do that is to use a 3rd-party Marketplace vendor, of which there are several on the market. However, there are many advantages to using a built-in Marketplace capability, such as we are releasing in HCL Commerce.

- As with any 3<sup>rd</sup>-party solution, an integration is required if you do not choose a marketplace that is already part of a commerce platform.
- Data like product information and prices is repeated in multiple places and must be kept in sync.
- You have yet another system that must be managed. It requires skills that must be learned/acquired by your organization.
- You need to consider non-functional requirements like performance, scalability, security, etc. Will it perform to the same level as your existing site? Do you have the sorts of skills to tune it as well?
- In addition, business users will have to access a different set of tools and learn how to use those. Essentially, it's a second separate commerce system that needs to be managed and maintained.

With a built-in solution, there are no new skills to learn. The existing capability is leveraged to enable Marketplaces. Non-functional metrics like performance follow the same architecture as the rest of your Commerce system. And functionally, it is the same as well. Catalog data is in the same table structure. Multi-site inheritance works the same way (providing your solution offers this capability). The authoring process is the same. Even customizations that enhance the experience can be re-used. You already have the skills inside your organization to run a marketplace on your existing system. All you need is the built-in capability.

With HCL Commerce there is no additional cost for a marketplace solution. This capability is part of the platform and is not an add-on and is available in v9.1.11 for all customers out of the box.

# Why HCL Commerce Marketplace is different?

From the beginning, our intention for the HCL Commerce Marketplace is to meet the needs of our existing customers who are looking to expand into a marketplace. To that end, we enrolled a large group of customers and partners into our Sponsor User Program for HCL Commerce. These customers did an excellent job articulating their needs and helping us understand what was important to them. With their input, we believe we have built an extremely solid base for our Marketplace capability. And of course, it's on top of our proven software, leveraging the same capabilities we already have for stores, catalogs, inventory, orders, and more, with additional functionality specific to Marketplaces.

The new tools and capabilities have been reviewed in detail by all our Sponsor Users, multiple times over the last year. Each of those customers spent time with us every month going through use cases, reviewing our UX designs for the tooling, discussing which features are a priority and answering lots of questions. This has given us our core Marketplace capability available in v9.1.11.

Moving forward, we will continue with the same customer-focused approach. In addition to our original group of Sponsor Users, new customers have joined the program to help define the next release. From the list of features gathered from customers, we will prioritize what's most important to those customers who are planning to implement our Marketplace capability. Each release, we will re-review that feature list with our customers, and continue to build out functionality that meets our customer's needs. And as mentioned earlier in this document, our customers will benefit by having Marketplace built directly into their existing eCommerce system, so that they're familiar with it and can trust that it will perform, and that it will be as secure as the rest of their platform.

## What's in HCL Commerce Marketplace

The main scenario that this first release will address is of an Operator who wants to bring Sellers onto the marketplace to sell their own products. Meaning, the Sellers will own their product names, descriptions, prices, etc. The first release doesn't have the ability for the Operator to maintain "shared" products which Sellers can just offer price and inventory for. Operators can sell their own products in the Marketplace, though, effectively acting as another Seller.

### Onboarding and Managing Sellers

To bring Sellers onto the marketplaces, the Operator will have access to Seller Mgmt Tooling where they can onboard the Seller. Currently we are working on the self-registration capability. For now, Operators can bring Sellers onto the marketplace using the tools provided. Additionally, all our Marketplace capabilities leverage APIs, which could be used to load Sellers from an external system if the data is already available somewhere. Once a Seller is created, the Operator can assign them to one or more marketplaces.

Sellers are managed by setting their status – by default they will be 'Deactivated' when first brought onto the marketplace, since they won't yet have their catalog, pricing and inventory data ready yet. When the Operator feels that the Seller is ready to go live, they can set them to 'Active' state. At that time, any of the seller's products that are approved and have been pushed to live will appear in the appropriate marketplace storefronts.

If there is a problem with a Seller, the other statuses can be used while the issue is managed. Sellers can always be put back into the Deactivated state if needed. For example, if a Seller accidentally put set a product price to \$10.00 instead of \$100.00, and nobody noticed until it went live. The Operator could opt to Deactivate

the Seller until they confirm with the Seller that the issue is fixed. The Seller also has their own Online/Offline status that they have control over, which effectively does the same thing as Deactivated, but is managed separately by the Seller. This could be used by a small Seller who is going on vacation for a week, for example, and doesn't want to take orders during that time. They can set themselves to Offline, and then their products will not appear in the storefront. They can go back Online when they are ready to start selling again. Both the Deactivated and the Online/Offline statuses are per marketplace storefronts. This allows a given Seller to be up and running, selling their products on one marketplace storefront, while being temporarily deactivated or offline on another.

Sometimes, Operators will have more serious issues with Sellers. If the Seller is not following the Terms and Conditions of their agreement with the Operator, for example. In this case the Operator may want to shut them down until the situation is resolved. We have an additional status called Suspend, which not only removes the Seller's products from the marketplace storefront, but also removes the Seller's access to the Seller tools. This way, the Seller can't even get on to the system to continue the troubling behaviour. Note that if the Seller has in-progress orders placed against them, the Operator will need to decide how to resolve those (cancel those order items, work with the Seller to get those products shipped out, etc).

The last status is Terminated, and this is used when the Seller and Operator's partnership comes to an end and it is time to remove the Seller from the Marketplace completely. We would recommend to first put the Seller into Deactivated mode. This way the Seller is no longer selling products on the Marketplace stores, but they are still able to access the tools to complete fulfillment on any remaining order items. Once their orders are all completed, the Operator can move them into Suspend mode, and then on to Terminate. Terminate cannot be reversed, it is effectively a "mark for delete" operation. The next time the database is cleaned, the Seller will be removed. Meanwhile, they will no longer appear as a Seller in the Operator's Marketplace tool. They will effectively be gone from the system.

Sellers are modeled as an organization, which Seller users belong to. This means that a Marketplace Seller does not "belong" to any one Marketplace store. An Operator who has multiple Marketplace stores can choose which of those Marketplace stores each Seller has access to. This is selected at onboarding time, and can be modified through the tools anytime thereafter. So a Seller can participate in one Marketplace store, all Marketplace stores, or any number in between.

Since a Marketplace Seller is effectively "global" to the Commerce system, some of the statuses mentioned above are also global. Suspend is global, since if the Seller is behaving badly in one Marketplace store there's nothing to stop them doing so in another Marketplace store. So they are fully suspended from all stores. Terminate is also a global action, it will remove the Seller organization and all of the users. Setting a Seller to Trusted Seller is another global action. Deactivate/Activate can be done either globally or just for a single store, depending on the Operator's needs. The same is true for the Seller's own Online/Offline status, they can choose which stores they want to be Online or Offline for.

## Sellers managing their catalogs

Sellers will have the responsibility of authoring and maintaining their own piece of the product catalog. Tooling is provided for each Seller to upload their products in csv form (separate csv's can be uploaded for different languages and currencies). APIs are also available if the Seller would like to push a feed from their own system. This upload or push is done on the Authoring environment, not the Live environment, just in the same way that we recommend our HCL Commerce customers today to author product and price information. This way, we can take advantage of the existing processes in HCL Commerce, such as Workspaces, preview, push-to-live, and search indexing. This means there isn't a second set of processes for Operators to contend with to get Seller products into the Marketplace, as is necessary with a third-party vendor product.

Note here that price data is included as part of the catalog data. Since the capability allows for each Seller to have multiple catalogs in progress waiting to be pushed, having the price separated out into a separate csv then introduces the difficulty of syncing the price csv with the catalog csv. For example, if we allowed catalog csv to upload with no prices, and then later a price csv was uploaded with the prices, but it missed a sku,

there's no point at which to catch that there's a sku with no price. When they're all in the same csv, the upload process will flag it and throw an error to the Seller. This way a price-less product can never be pushed to the production server.

The Workspaces capability enables the Seller to specify a date/time for when their product will be ready to push to production and provides an approval flow for the Operator. If approvals are not needed for a given Seller (say they have used the Marketplace for some time already and have shown themselves to be capable), then they can be given the Trusted Seller status, which turns off the approval process. Instead, their catalog data will go directly to the Production-Ready Data of the workspace, on the date that they have specified. Then the next time the Operator initiates a push to live, their data will go live on the production server.

For those Sellers who are not Trusted Sellers, their Task Group in the workspace will have to be approved by the Operator. To do this, we again leverage the Workspaces capability in HCL Commerce. The approver will be able to preview the catalog data that the Seller has uploaded and approve or reject it. Or they can leave comments, such as an explanation as to why the catalog was rejected. The Seller will then be able to make the required changes and designate the catalog upload for approval again. Once the catalog has been approved by the Operator, it will go to the Production-Ready Data of the workspace and will go to the production server the next time the Operator initiates a push to live.

It is recommended that the Operator provide a schedule to Sellers, to indicate by which date/time they need their catalogs uploaded and approved in order to catch the next push-to-live cycle. This is especially important if the Operator does not do daily pushes. The Operator will also need to provide instructions to Sellers about where to provide their product images. HCL Commerce will include instructions for the Operator to set up an ftp location where Sellers can drop a .zip file of images, which will be consumed from there.

## Organization of catalog data

The Seller can only provide certain pieces of data in the catalog csv file. A sample csv is available in the tool for Sellers to download and utilize. In addition, Sellers can download their existing catalog data as a csv, if they want to view the "current state" of their catalog (on the authoring server). They can even download partial csv's of their catalog data, if they only want the data for certain categories. From the sample csv or their downloaded data, they can then make changes that they can re-upload as an update.

The catalog data that can be added/updated by a Seller includes: product IDs, parent categories, names, descriptions, attributes/attribute values, prices; item IDs, parent products, names, descriptions, attributes/attribute values, prices. The Seller cannot create their own categories, nor can they create their own attributes. Only the Operator can create categories and attributes (using the existing catalog tooling in the Commerce Management Center). The Operator also has an option when onboarding the Seller, to restrict which categories that Seller is allowed to contribute to. These limitations on the Seller help the Operator to ensure that the marketplace catalog as a whole does not get out of control. Category structure is completely under the Operator's control so that they can ensure the browsing experience on the storefront is appropriate for their customers.

Attributes are controlled by the Operator so that they ensure there aren't multiple of the same attribute with different values, or misspelled attributes (eg. color vs colour). They can also ensure if the attributes use jargon or branding, that it is their approved jargon or branding. For attribute values, the Operator will input the pre-defined attribute values. If the attribute allows assigned values, then the Seller will be able to input their own values in their catalog csv. A good example of this is for a "color" attribute, where values aren't standardized and the Sellers could very well make up their own values, like "Sunrise Over Maui", that an Operator could never guess ahead of time.



For both categories and attributes, the Seller needs to know what the names are of the available ones, and in the case of categories, they need to know just the ones that they are allowed to contribute to. Files for both are available to download in the Seller's catalog tool. The Categories csv will contain only those categories available to that particular Seller to contribute products to. The Attributes csv will contain all available attributes, as well as any pre-defined attribute values. For both categories and attributes, if the Seller requires the creation of a new one, they will need to contact the Operator and request them to create one.

The same Catalog Asset Store (CAS) is used for all Marketplace stores. At this time, the assumption is that there is a single CAS. All catalog data from all Sellers is uploaded into the same CAS store. It will then show up in the Marketplace stores which inherit from that CAS, for whichever Marketplace stores the Operator has included each Seller into.

## Sellers managing their inventory

Inventory is managed in a similar way to catalog, by the Seller uploading csv files containing the inventory data. Unlike with catalog, inventory doesn't require any kind of approval flow. Also, inventory updates are done directly on the production server, so that inventory can be kept as accurate as possible. As with catalog updates, the Seller can choose to integrate with the APIs instead, if they have a backend system that they'd like to push inventory data from.

Note that as of version 9.1.11, HCL Commerce is only supporting non-ATP inventory in the Marketplace stores.

Currently, the Marketplaces capability provides a single fulfilment center for each Seller. If there are multiple Marketplace stores, the fulfilment center and thus the inventory for that Seller are shared among all the Marketplace stores. This is why there is no store selection pulldown in the Seller's inventory tool.

## Sellers fulfilling and updating orders

When orders are placed on the Marketplace stores, the Seller needs to process those orders. For this purpose, there is an Order Management tool available (and of course the APIs as well). The tool shows only the "pieces" of the order that are relevant to each Seller. If the customer purchased items from three different Sellers in the same order, the Seller will only see the order items purchased from them. The other two Sellers will also see the same Order ID, but again with only the order items purchased from them. This allows us to leverage the same checkout flow and order release capability that has always existed in HCL Commerce, while letting products from multiple Sellers exist in one cart.

Most of the time, the Seller will be sending packages out to the shipping provider, and then updating items to Shipped status. They will also have the option to fill in details about the time, date, shipping provider, and tracking number for the shipment. In some cases, the Seller may not be able to fulfill an order – perhaps their inventory amount was incorrect, and they sold more than they actually have available, or perhaps they discover that some of their inventory is damaged and so they can't fulfill the orders they've taken. Whatever the reason, the Seller can cancel the order items that they are unable to fulfill. They can continue to fulfill the remainder of their items for the order, and the other Sellers will be unaffected; they can also fulfill their items for the order.

After orders are processed, they will generate Order Releases, in the same way that they always have done in HCL Commerce – by ship address, by shipping provider, by ship date, etc. We will add one more dimension, by Seller, so that, if necessary, order releases by different sellers can be sent to different backends. A likely case for this is if the Operator themselves are selling on the Marketplace, they may want their portion of the orders to be sent somewhere different from the rest of the Sellers' orders.

## The Marketplace storefront capability

Marketplace storefronts are really not very different from “regular” storefronts. The shopping experience is largely the same, except that some of the products are sold by Marketplace Sellers, and there may be some desire to only purchase from specific Sellers.

Therefore, to create a sample for Marketplace, it was only necessary to make some modifications to the existing Emerald sample store (Sapphire will be addressed when B2B pricing capability is added). The same REACT app is used, but it is deployed as a Marketplace instead of a regular e-site. This is how we support having multiple Marketplace stores. Existing Emerald stores could even be converted to Emerald Marketplace stores, if desired, and regular e-site stores can reside alongside Marketplace stores on the same Commerce environment.

The main changes made to the Emerald store to support Marketplaces are:

- Product display page specifies which Seller owns the product
- Category display pages can show “Marketplace” banner on the product images for Seller-owned products
- Search page has “Seller” filter option, to filter search results by Seller
- Header has “Seller” pulldown to scope the session to specific Sellers
- Checkout flow groups items by Seller
- Order status groups items/status by Seller

Other than the above, the user flows for shoppers will remain the same as in the Emerald storefront.

## What about other features like Promotions, Marketing, etc?

The 9.1.11 release of Marketplaces can be presumed to work as-is for all the Commerce platform capabilities and these are available to the Operator, and are not available to the Seller initially.

For example, the Operator can run promotions on a category, a product, etc using the existing Promotions tool in Commerce Management Center (CMC). Of course, when dealing with a Marketplace, the Operator cannot simply discount a Seller’s products without the Seller’s agreement. This negotiation will take place off of the Commerce system. The same is true with any money that will change hands due to the promotion – it will be handled after the fact, off of the Commerce system.

Another example is Marketing. Again, the Operator has access to the tool in the CMC and can create whatever marketing campaigns they like for the storefront. If the Seller wants a marketing campaign for one of their products, the Seller and Operator will have to work together to negotiate how that will work, whether a fee will be paid, etc, and the Operator will then manage putting that content on the site.

## Conclusion

With this MVP release of Marketplaces, HCL Commerce provides the ability to begin investigating how customers can take advantage of a Marketplace to grow their business. This is only the beginning, and HCL Commerce is solidifying plans for the follow-on releases with our Sponsor User Customers. If you are interested in joining the Sponsor User Program for Marketplaces, you can join at any time, since we will be continuing to add new features. Joining will give you the ability to influence the prioritization of those features, and to bring new requirements that we may not have considered.